



## Fact Sheet

U.S. Department of Agriculture  
Foreign Agricultural Service  
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### *Permanent Normal Trade Relations with China* **What's at Stake for Utah?**

Utah produces agricultural and wood products that are exported worldwide. The state's farm cash receipts and forest product shipments totaled \$981 million in 1998 and \$248 million in 1996, respectively. As for exports, the value of agricultural products leaving the state was estimated at \$129 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

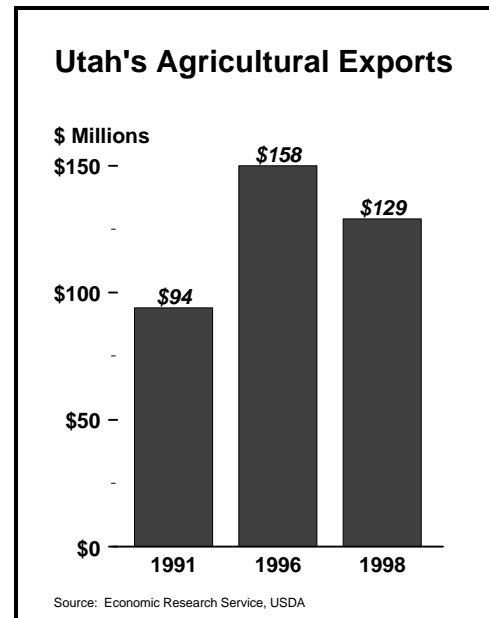
#### **Trade Benefits**

The following key products are important to Utah, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

# **Beef**—With a large portion of its farm cash receipts coming from the cattle industry, Utah's live animal and red meat exports worldwide were estimated at \$53 million in 1998. China currently imports very little beef, but income growth and rising demand from urban centers are expected to result in significantly increased demand for imports. Under its WTO accession agreement, China will lower its tariff from 45 percent to 12 percent on frozen beef and from 45 percent to 25 percent on chilled beef by 2004. Tariffs on variety meats will be lowered from 20 percent to 12 percent. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all beef from the United States that is accompanied by a USDA certificate of wholesomeness.

# **Dairy**—Utah's dairy product exports worldwide were estimated at \$8 million in 1998. China's dairy product consumption is rapidly increasing due to rising incomes and government promotion. China's milk production is also growing, but the domestic dairy sector is not expected to keep up with the growth in demand. Under its WTO accession agreement, China will cut its tariffs on selected dairy products by 2004. Specific reductions include: selected cheeses (from 50 percent to 12 percent); lactose (from 35 percent to 10 percent); and ice cream (from 45 percent to 19 percent). In recent years, the United States has supplied approximately one-fifth of China's dairy imports.

# **Solid Wood Products**—The lumber industry is important to the state's economy. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on



value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.